

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
CHARLESTON DIVISION**

**Tenzor Capital**

**Plaintiff,**

**v.**

**Riveted Games LLC**

**Defendants.**

**Civil Action No. 2:24-955-RMG**

**COMPLAINT AND  
JURY DEMAND**

Plaintiff Tenzor Capital Limited (“**Tenzor**”) sues Defendant Riveted Games LLC (“**Riveted Games**”), and states:

**NATURE OF THE ACTION**

1. This action concerns fraud. A developer made false promises and walked away with Plaintiff’s money.
2. Plaintiff Tenzor is a venture capital fund that invests in startups related to blockchain technology and digital assets (colloquially known as “crypto”).
3. Defendant Riveted Games is a game development studio which created the online game CryptoBlades Kingdom (“**CryptoBlades**”).
4. Riveted Games failed to further develop CryptoBlades in accordance with two Simple Agreement for Future Tokens (“**SAFT**”) it entered into with Tenzor.
5. Tenzor now seeks the return of its \$350,000 investment and brings this action to obtain legal and equitable relief for Riveted Games’ wrongful conduct and to prevent Riveted Games from defrauding other investors in the future.

### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over this action pursuant to 28 U.S.C. 1332(a)(1) because complete diversity of citizenship exists between Tenzor and Riveted Games. Tenzor is a Gibraltarian limited company.<sup>1</sup> Riveted Games is a South Carolina limited liability company and its only organizer, CEO Philip Devine, resides in South Carolina.

7. Venue is proper before this Court pursuant to 28 USC § 1391(b) because a substantial part of the events or omissions giving rise to Tenzor's claims occurred in this district, where Riveted Games is located.

### **PARTIES**

8. Plaintiff Tenzor Capital Limited is a private limited company with its principal place of business located at 6.20 World Trade Center, 6 Bayside Road, Gibraltar, GX11 1AA.

9. Defendant Riveted Games, LLC's CEO and sole organizer Philip Devine resides at 656 Stoneboro Ct, Charleston, South Carolina 29412.

### **FACTS**

#### **I. Tenzor's Business**

10. Tenzor was formed in the British Overseas Territory of Gibraltar in 2021 by Kirill Medvedev, its owner and sole officer and shareholder.

11. Tenzor is a venture capital fund that invests in crypto startups. Tenzor backs ventures at various stages through token or equity investments ranging from \$100,000 to \$3 million. Tenzor not only provides financial backing but also offers strategic support in areas such as marketing and hiring to accelerate growth and success. In exchange for Tenzor's investments

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<sup>1</sup> A private limited company is treated like a corporation for diversity purposes. *SHLD, LLC v. Hall*, 15 CIV. 6225 LLS, 2015 WL 5772261, at \*2 (S.D.N. Y. Sept. 29, 2015); *see also Simon Holdings PLC Group of Companies U.K. v. Klentz*, [878 F. Supp. 210, 211-12](#) (M.D. Fla. 1995).

and mentorship, startups develop products or services in accordance with the agreements.

## **II. Tenzor's Agreement with Defendant Riveted Games**

12. Tenzor reached out to Riveted Games after hearing about CryptoBlades and noting the positive statistics the company had self-reported. Tenzor inquired about the positive statistics and the timing of the next investment round.

13. On August 27, 2021, Tenzor entered into two SAFTs with Riveted Games, copies of which are attached hereto as **Exhibit A**.

14. SAFTs are similar to simple agreements for future equity ("SAFE"), which are frequently used in traditional startups.

15. A SAFE allows startup investors to convert their cash investment into equity at a point in the future if specific conditions are met.

16. A SAFT allows startup investors to convert their cash investment into tokens at a future point if the business has been successful in increasing the value of the tokens.

17. SAFTs are a contractual investment agreement.

18. Under the first SAFT, Tenzor invested \$300,000 to later receive 15,000,000 CryptoBlades KING tokens ("**Tokens**") which were issued by Riveted Games.

19. Under the second SAFT, Tenzor invested \$50,000 to receive 2,500,000 Tokens, also issued by Riveted Games.

20. In total, Tenzor received 17,500,000 issued Tokens from these SAFT agreements.

21. The effective purchase price of the tokens was therefore \$0.02.

22. This represented a discount. On October 3, 2021, the Tokens were trading on the open market for approximately \$0.62.

23. Defendants promised that the Tokens would serve as the in-game currency in

CryptoBlades that could be used as a utility token<sup>2</sup> in the game or exchanged for fiat currency on the open market. The value of the Tokens would increase if more players joined the game. This investment was supposed to benefit Tenzor, as an increase in the value of the Tokens would enhance its return on its investment.

24. The first page of each SAFT explicitly refers to the SAFT as, “THE OFFER AND SALE OF THIS SECURITY INSTRUMENT . . .”

25. Both SAFTs required Tenzor to invest money.

26. CryptoBlades’ successes or failures would be shared with investors and holders of the token Riveted Games sold. Because of this commonality of interest, the instruments through which Riveted Games sold its tokens provide access to a common enterprise.

27. Riveted Games made express and implied promises to improve the CryptoBlades game. Tenzor therefore had reasonable expectations of profit. Riveted Games’ CEO Philip Devine uploaded a video to YouTube<sup>3</sup> in which he explained how CryptoBlades would “MOON,” a term commonly used to imply that the price of a cryptocurrency or token would experience a significant and rapid increase, often reaching an all-time high. In the video Mr. Devine states that getting the Tokens listed on Binance and other large trading exchanges is “absolutely” the aim for the company, and that Riveted Games is currently in talks with four “top ten” exchanges.

28. Tenzor expected profits to be derived from the efforts of Riveted Games. In Riveted Games’ marketing materials, the capabilities of Mr. Devine and the rest of its “proven game-development and blockchain team” were highlighted. These materials explicitly outline the team’s achievements. For instance, Dan Karsai, identified as Riveted Games’ game developer, was noted

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<sup>2</sup> A utility token is a crypto token that serves some use case within a specific ecosystem. These tokens allow users to perform some action on a certain network. <https://www.sofi.com/learn/content/what-is-a-utility-token/>

<sup>3</sup> [https://www.youtube.com/watch?v=Vo24X7RSU38&ab\\_channel=CryptoBlades](https://www.youtube.com/watch?v=Vo24X7RSU38&ab_channel=CryptoBlades)

to have previously worked on an award-winning game. Kyle Kemp, listed as Riveted Games' front-end developer, was acclaimed as "one of the best front-end developers in the world." Ray Hammarling, listed as Riveted Games' blockchain developer, was recognized as an expert in "backend technologies, experimental technologies, and architecture." The materials further highlighted that Hammarling had received praise from auditors and open-source contributors for the Smart Contracts he developed. Moreover, the marketing materials showcased the previous accomplishments of Riveted Games, emphasizing that Riveted Games won numerous awards in the past.

29. Riveted Games was the only entity responsible for managerial efforts on behalf of CryptoBlades. Riveted Games was also solely responsible for the development, improvement, operation, and promotion of CryptoBlades. Promotional materials stated that Riveted Games had a proven game-development team that would be responsible for overseeing the development of CryptoBlades. Tenzor's anticipation of potential profits hinged on Riveted Games' managerial efforts.

30. At the time of Tenzor's investment, the crypto market was experiencing a bull run, causing token prices to soar. This led to a situation where investors had little bargaining power in negotiations with crypto startups. Despite having limited or no tangible results, crypto startups were able to attract millions in fundraising from investors. As the crypto market has since experienced a significant downturn, it has become evident that many startups fraudulently raised funds without any intention of actually developing a product.

31. The SAFTs provided that Riveted Games would launch and develop CryptoBlades. The SAFTs further specified that Riveted Games and its employees were committed to developing and marketing CryptoBlades.

32. Riveted Games sought to raise \$5.6 million by issuing 1,000,000,000 Tokens through three different methods: (1) a venture capital private sale, (2) an Initial DEX<sup>4</sup> Offering (“IDO”), and (3) a private sale, as outlined in CryptoBlades’ presentation attached as **Exhibit B** (“**Pitch Deck**”). Tenzor’s investment was part of the venture capital private sale, where 200 million Tokens were offered at \$0.02 per token, with the goal of raising \$4 million. This sale had the following vesting schedule<sup>5</sup>: Tokens were restricted from being sold for the initial three-month period following the purchase date, and after this period, 10% of the Tokens became eligible for sale each subsequent month.

33. An IDO on the website [Seedify.fund](https://seedify.fund) offered 30 million Tokens at \$0.025 per token to raise \$1 million, with a vesting schedule of (i) 25% unlock upon the commencement of public availability and (ii) 25% each following month.

34. Another private sale on [Seedify.fund](https://seedify.fund) offered 30 million Tokens at \$0.02 per token to raise \$600,000, with a three month lock-up and then a 10% monthly unlock.

35. The Pitch Deck also contained a roadmap, assuring Tenzor of Riveted Games’ commitment to introducing a Stream Game Platform, releasing PVP (Player versus Player)<sup>6</sup> and PVE (Player versus Environment)<sup>7</sup> rewards, releasing guilds, guild halls, and guild battles, and launching a multi-chain mainnet by the fourth quarter of 2021 (“**Roadmap**”). The Roadmap aimed to demonstrate to Tenzor and other investors that CryptoBlades would undergo continuous

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<sup>4</sup> A “DEX” is a decentralized exchange. Tokens traded on a DEX do not require a counterparty; rather, the offeror establishes liquidity in a more established cryptocurrency (e.g., Ethereum) and pairs it with the newer, more speculative token. Traders can then buy and sell the token from the liquidity pool itself, according to an automated formula.

<sup>5</sup> A vesting schedule provides for a lock-up period for a defined span of time, usually following a token sale when token holders of a cryptocurrency project are prohibited from selling their tokens so that the investors will not immediately sell their tokens as soon as the market goes up, thus negatively influencing the price.

<sup>6</sup> Player versus player (PVP) is a type of multiplayer interactive conflict within a game between human players.

<sup>7</sup> Player versus environment (PVE) is where the player in a video game competes against the game world and the computer, not other players.

development, thus expanding its player community and enhancing the likelihood of Tensor's investment turning profitable.

36. According to section 4(c) of both SAFTs, Tensor entered into the agreement "with the predominant expectation that [it] will profit upon the successful development and Network Launch arising from the efforts of [Riveted Games] and its employees to develop and market the [network] and the [Network Launch] and related sale of Tokens."

37. Tensor began to receive the Tokens in April 2022 and received them in monthly installments throughout the rest of the year.

38. Shortly after signing the SAFT agreements with Tensor, Riveted Games began using investment funds to develop other, non-CryptoBlades related projects.

39. After nearly a year without any progress or updates, it became clear to Tensor that Riveted Games had no intention of fulfilling any of the promises made in the SAFTs or the Roadmap. This was not a temporary pause by Riveted Games, but a planned termination of all promised activities as soon as the fundraising round concluded. Tensor's realization was further solidified after it discovered online posts where CryptoBlades players labeled the game as a scam. These players expressed frustration because, despite CryptoBlades' promises of incorporating new gameplay features, these additions had not been implemented.<sup>8</sup>

40. Around February 2023, Tensor messaged Mr. Devine with questions regarding CryptoBlades' future marketing campaign and revenue model. Mr. Devine responded that "[CryptoBlades' marketing campaign] will involve, YouTube, Twitch, dapp.com ads, DAPPRADAR ads, and more." As for the future revenue model, Mr. Devine stated that the

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<sup>8</sup> [https://www.reddit.com/r/CryptoBlades/comments/17laek1/philip\\_devine\\_of\\_cryptoblades\\_has\\_committed\\_a/](https://www.reddit.com/r/CryptoBlades/comments/17laek1/philip_devine_of_cryptoblades_has_committed_a/); <https://isthiscoinascam.com/check/cryptoblades>

revenue models were currently being “designed and deployed” and would entail: (1) NFT Auctions; (2) Partnership affiliate fees; (3) Digital Land Auctions; (4) Cosmetic Upgrades; (5) Lotteries; (6) Licensing of IP; (7) NFT Marketplace Fees; (8) Developer Incentives; (9) Advertisement; (10) NFT Lending and Staking; (11) Freemium Model; (12) Steam Game Revenue and; (13) Donations.

41. Tenzor invested its money based on promises Riveted Games made in the Pitch Deck, the commitments made in the SAFTs, and on assurances given by the CEO. Tenzor signed the SAFT at the end of summer 2021, just a few months before the Q4 2021 deadline.

42. Riveted Games has failed to fulfill any of the promises in the Roadmap, implement any of the marketing and revenue plans promised by Philip Devine, or show any efforts in developing CryptoBlades.

43. Riveted Games has executed a “rug pull,” a term used to describe a scheme in which a crypto or NFT developer solicits funds from investors and promises to develop and market the project. Once investors have contributed funds, the developers abruptly abandon the project and fail to deliver the promised benefits while retaining the investors’ funds.

44. In October 2021, before Tenzor received any tokens, the KING token was trading on public markets for around 40 cents. Today, a single KING token is worth approximately \$0.0007, with no liquidity to support even this price. Tenzor’s investment is therefore worthless.

45. As part of Riveted Games’ scheme, it marketed CryptoBlades to Tenzor with misleading material statements. Riveted Games has not communicated or provided evidence that it commenced even the most basic steps toward delivering on its promises in the SAFTs or the Roadmap.

46. Currently, the CryptoBlades website (<https://cryptobladeskingdoms.io/>) is offline.



However, the web archived saved version of the website, dated 21 September 2022, is accessible at <https://web.archive.org/web/20220921221338/https://cryptobladeskingdoms.io/token.html>. The game itself is still accessible at <https://app.cryptoblades.io/>, but it lacks all of the features promised in the Roadmap.

47. Riveted Games has done nothing to develop or market CryptoBlades after receiving Tenzor's investment.

### **III. Tenzor's Demand Letter and Riveted Games' Reply**

48. After Tenzor retained counsel to represent it in this dispute, Tenzor sent Riveted Games a letter expressing concerns about Riveted Games breaching its duties under the SAFTs. In the letter Tenzor asked Riveted Games to provide details regarding (1) reasons for the Roadmap promises not being fulfilled; (2) information on remaining funds from Tenzor's investment; (3) a breakdown of expenses, including salary tables for the Riveted Games team; and (4) Riveted Games' financial plan for the following year. Tenzor offered to return its Tokens from the first SAFT to Riveted Games for a refund of the full purchase price of \$300,000. A copy of the demand letter dated January 28, 2023, is attached hereto as **Exhibit C**.

49. On February 2, 2023, Philip Devine responded to Tenzor via the Telegram messenger app. In his response, Mr. Devine informed Tenzor that any lawsuit would be a "waste of [Tenzor's] resources" and threatened to counter-sue. Riveted Games has not provided any of the information requested by Tenzor. A copy of the Telegram message dated February 2, 2023, is attached hereto as **Exhibit D**.

50. Tenzor has not heard back from Riveted Games since the Telegram message on February 2, 2023.

51. Tenzor detrimentally relied on Riveted Games' misstatements and

misrepresentations of material facts when it entered into the SAFTs.

52. Riveted Games intentionally made these misstatements and misrepresentations, and did not intend to honor its obligations under the SAFTs.

53. Riveted Games has failed to produce any viable good or service following the investment of \$350,000 by Tenzor. As of the filing of this Complaint, the Tokens hold no value and serve no purpose, as there is no market liquidity, and thus no buyers.

54. Tenzor has duly performed all of its duties and obligations, and any conditions precedent to Tenzor bringing this action have occurred, have been performed, or else have been excused or waived.

### **COUNT I**

#### **BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING**

55. As of August 27, 2021, Tenzor had two valid SAFTs with Riveted Games, whereby Tenzor entered into the agreements “with the predominant expectation that [it] will profit upon the successful development and Network Launch arising from the efforts of [Riveted Games] and its employees to develop and market the [network] and the [Network Launch] and related sale of Tokens.”

56. With every agreement, a covenant of good faith and fair dealing exists that requires that neither party do anything that will have the effect of destroying or injuring the right of the other party to the fruits of the contract.

57. Riveted Games invited Tenzor to be an investor in CryptoBlades in exchange for the Tokens.

58. Riveted Games was aware of Tenzor’s reasonable expectation that Riveted Games would put effort into developing CryptoBlades and the Tokens.

59. Riveted Games breached the covenant of good faith and fair dealing when it misrepresented to Tenzor numerous facts to induce Tenzor's investment under the false promise that Riveted Games would make an effort to develop CryptoBlades.

60. Riveted Games acted in a manner that deprived Tenzor of the right to receive the benefits under the parties' agreement.

61. As a result of Riveted Games' breach of the implied covenant of good faith and fair dealing, Tenzor has suffered damages.

## **COUNT II**

### **UNJUST ENRICHMENT**

62. Tenzor conferred a benefit upon Riveted Games when it provided \$350,000 in investment capital to Riveted Games in connection with the SAFTs.

63. The \$350,000 that was intended to be used by Riveted Games to develop and market CryptoBlades was instead used by Riveted Games to develop other non-CryptoBlades related projects.

64. Riveted Games knowingly received this benefit.

65. Riveted Games retained this benefit at Tenzor's expense.

66. It is against equity and good conscience to permit Riveted Games to retain Tenzor's investment, which was expected to be used by Riveted Games for legitimate purposes.

67. Riveted Games has been unjustly enriched and as a result, Tenzor has suffered damages.

## **COUNT III**

### **FRAUDULENT MISREPRESENTATION**

68. Riveted Games fraudulently represented to Tenzor that by Q4 2021, Riveted Games would publish a Stream Game Platform, release PVP and PVE Rewards, release guilds, guild halls,

and guild battles, and launch a multi-chain mainnet. Additionally, Riveted Games fraudulently represented to Tenzor that it would be marketing and developing CryptoBlades.

69. Upon information and belief, Riveted Games knew that the goals set out in its Roadmap would never be achieved, and that Riveted Games had no intention of developing CryptoBlades.

70. Riveted Games had a duty to tell Tenzor that the goals set out in the SAFT and its Roadmap would never be achieved, and that Riveted Games had no intention of developing CryptoBlades.

71. Rather than make candid, straightforward disclosures to Tenzor, Riveted Games willfully concealed that it would not meet any of the goals set out in the SAFT or its Roadmap and that Riveted Games had no intention of developing CryptoBlades.

72. Tenzor would not have agreed to the SAFTs with Riveted Games but for its reliance on Riveted Games' material statements that the goals set out in the Roadmap would be achieved, and that Riveted Games would develop the project.

#### **COUNT IV**

#### **CONVERSION**

73. Through fraud and deceit, Riveted Games converted the \$350,000 invested by Tenzor for use to develop CryptoBlades and appropriated it to itself.

74. Despite a demand to provide an update or return the money, Riveted Games has refused.

75. As a result, Tenzor has suffered damages.

**COUNT V****FRAUD IN THE INDUCEMENT**

76. Riveted Games made material misrepresentations of fact on multiple occasions, including that by Q4 2021 it would: (a) publish a Stream Game Platform, (b) release PVP and PVE Rewards, (c) release guilds, (d) guild halls, and guild battles, (e) and launch a multi-chain mainnet.

77. Riveted Games made these representations with the knowledge that they were false and did not intend to honor its obligations. Specifically, Riveted Games never intended to develop CryptoBlades and create a viable product.

**COUNT VI****VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5  
PROMULGATED THEREUNDER**

78. Riveted Games, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by the use of instrumentalities of interstate commerce or the mails, with scienter: (a) employed devices, schemes, or artifices to defraud, (b) made untrue statements of material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of securities.

79. Riveted Games made multiple promises regarding its plans to develop the CryptoBlades to Tenzor, and these were not “puffing” but material representations. Riveted Games misstated its true intentions to accumulate money and abandon the project with scienter.

80. By reason of the foregoing, Riveted Games violated Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b) and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5. 122. As a direct and

proximate result of Riveted Games' securities fraud, Tenzor has suffered damages in connection with its purchases of securities from Riveted Games.

**PRAYER**

**WHEREFORE**, Plaintiff Tenzor requests judgment in its favor and against Defendant Riveted Games as follows:

- (i) Compensatory damages in the sum of at least \$350,000, plus interest, and all fees owed;
- (ii) Punitive damages;
- (iii) An award of reasonable attorneys' fees, costs, disbursements, and expenses in favor of Plaintiff Tenzor in an amount to be determined at trial; and
- (iv) For such other and further relief as may be just and proper.

Date: February 23, 2024

By: s/Johnny J. Stewart  
Johnny J. Stewart, Jr. (Federal Bar #13416)  
[jstewart@finkellaw.com](mailto:jstewart@finkellaw.com)  
Charles A. Krawczyk (Federal Bar #9198)  
[ckrawczyk@finkellaw.com](mailto:ckrawczyk@finkellaw.com)  
**FINKEL LAW FIRM, LLC**  
4000 Faber Place Drive, Suite 450  
North Charleston, SC 29405  
843-577-5460  
*Attorneys for Plaintiff*

**BUZKO KRASNOV**  
Evgeny Krasnov  
[evgeny.krasnov@buzko.legal](mailto:evgeny.krasnov@buzko.legal)  
Filipp Petkevitch  
[filipp.petkevitch@buzko.legal](mailto:filipp.petkevitch@buzko.legal)  
228 Park Ave S  
PMB 85451  
New York, NY 10003  
*Attorneys for Plaintiff*  
*Pro Hac Vice Motion forthcoming*